

RESOLUTION NO. 2008- 25

A RESOLUTION OF THE BOARD OF SUPERVISORS OF COCONINO COUNTY, ARIZONA, APPROVING THE PROCEEDINGS OF THE COCONINO COUNTY, ARIZONA POLLUTION CONTROL CORPORATION REGARDING THE ISSUANCE OF NOT TO EXCEED \$36,700,000 AGGREGATE PRINCIPAL AMOUNT OF COCONINO COUNTY, ARIZONA POLLUTION CONTROL CORPORATION POLLUTION CONTROL REVENUE BONDS, 2008 SERIES A (TUCSON ELECTRIC POWER COMPANY NAVAJO PROJECT) AND NOT TO EXCEED \$14,700,000 AGGREGATE PRINCIPAL AMOUNT OF COCONINO COUNTY, ARIZONA POLLUTION CONTROL CORPORATION POLLUTION CONTROL REVENUE BONDS, 2008 SERIES B (TUCSON ELECTRIC POWER COMPANY NAVAJO PROJECT)

WHEREAS, the Board of Supervisors of Coconino County, Arizona (the "Board of Supervisors") has received and considered the proceedings of the Coconino County, Arizona Pollution Control Corporation (the "Pollution Control Corporation") in connection with the proposed issuance and sale by the Pollution Control Corporation of (i) a series of revenue bonds to be entitled "Coconino County, Arizona Pollution Control Corporation Pollution Control Revenue Bonds, 2008 Series A (Tucson Electric Power Company Navajo Project)" (the "Series A Bonds") in an aggregate principal amount not to exceed \$36,700,000 and (ii) a series of revenue bonds to be entitled "Coconino County, Arizona Pollution Control Corporation Pollution Control Revenue Bonds, 2008 Series B (Tucson Electric Power Company Navajo Project)" (the "Series B Bonds," and together with the Series A Bonds, hereinafter collectively referred to as the "Bonds") in an aggregate principal amount not to exceed \$14,700,000, and the loan of the proceeds of the Bonds to Tucson Electric Power Company (the "Company");

WHEREAS, the Series A Bonds are proposed to be issued in order to refund the Coconino County, Arizona Pollution Control Corporation Pollution Control Revenue Bonds, 1997 Series A (Tucson Electric Power Company Navajo Project), which were issued to finance and refinance a portion of the costs to the Company of acquiring, constructing, improving and equipping air and water pollution and sewage and solid waste disposal facilities and certain related facilities (hereinafter collectively referred to as the "Facilities") located at an electric generating station, known as the Navajo Generating Station, which electric generating station is located in Coconino County, Arizona (the "County");

WHEREAS, the Series B Bonds are proposed to be issued in order to refund the Coconino County, Arizona Pollution Control Corporation Pollution Control Revenue Bonds, 1997 Series B (Tucson Electric Power Company Navajo Project), which were issued to finance and refinance an additional portion of the costs to the Company of acquiring, constructing, improving and equipping the Facilities;

WHEREAS, the proceedings of the Pollution Control Corporation include a resolution duly adopted by the Board of Directors of the Pollution Control Corporation at a duly convened meeting held on March 13, 2008 (the "Pollution Control Corporation Resolution");

WHEREAS, the proceedings of the Pollution Control Corporation also include a draft form of (i) an indenture of trust, providing for the issuance of the Series A Bonds, to be entered into by the Pollution Control Corporation and U. S. Bank Trust National Association ("U. S. Bank"), as trustee, (ii) a loan agreement (the "Series A Loan Agreement"), relating to the loan of the proceeds of the Series A Bonds to the Company, to be entered into by the Pollution Control Corporation and the Company, (iii) an indenture of trust, providing for the issuance of the Series B Bonds, to be entered into by the Pollution Control Corporation and U. S. Bank, as trustee, (iv) a loan agreement, relating to the loan of the proceeds of the Series B Bonds to the Company (the "Series B Loan Agreement," and together with the Series A Loan Agreement, hereinafter collectively referred to as the "Loan Agreements"), to be entered into by the

Pollution Control Corporation and the Company, (v) a Bond Purchase Agreement (the "Bond Purchase Agreement"), relating to the Bonds, to be entered into by the Pollution Control Corporation, the Company, and Morgan Stanley & Co. Incorporated, BNY Capital Markets, Inc., J. P. Morgan Securities Inc. and Wachovia Bank, National Association, LLC and/or such other investment banking firm or firms as shall be identified in the Bond Purchase Agreement delivered to the Pollution Control Corporation for execution, and (vi) an Official Statement of the Pollution Control Corporation (the "Official Statement"), describing the Bonds and related matters;

WHEREAS, the Pollution Control Corporation Resolution authorizes the issuance and sale of the Bonds, the proceeds of which will be loaned to the Company pursuant to the Loan Agreements in order to refinance a portion of the costs to the Company of acquiring, constructing, improving and equipping the Facilities;

WHEREAS, the principal of and interest on the Bonds are to be payable solely from the revenues and receipts of the Pollution Control Corporation received pursuant to the Loan Agreements and other funds pledged therefor, all in conformity with the provisions of Title 35, Chapter 6, Arizona Revised Statutes, as amended (the "Act");

WHEREAS, there has also been presented to the Board of Supervisors information regarding a public hearing (the "Public Hearing") held by the Pollution Control Corporation on March 31, 2008, pursuant to the Tax Reform Act of 1986 and Section 147(f) of the Internal Revenue Code of 1986 (the "Code") in connection with the proposed issuance and sale of the Bonds and the refinancing of the costs to the Company of acquiring, constructing, improving and equipping the Facilities;

WHEREAS, the Public Hearing and the adoption of this Resolution constitute such action as is necessary to be undertaken by the Board of Supervisors under the Tax Reform Act of 1986 and Section 147(f) of the Code in connection with the proposed issuance of the Bonds;

WHEREAS, the above-mentioned actions of the Pollution Control Corporation, including the Public Hearing, and the above-mentioned documents, together with the Pollution Control Corporation Resolution, constitute the full proceedings of the Pollution Control Corporation to date in connection with the proposed issuance of the Bonds and the refinancing of a portion of the costs to the Company of acquiring, constructing, improving and equipping the Facilities;

WHEREAS, the Pollution Control Corporation has determined that the issuance and sale of the Bonds in order to refinance a portion of the costs to the Company of acquiring, constructing, improving and equipping the Facilities are in furtherance of the public purposes set forth in the Act and that the proceedings of the Pollution Control Corporation, including the Pollution Control Corporation Resolution, are in conformity with the provisions of the Act;

WHEREAS, the Tax Reform Act of 1986 and the Code require that the issuance of the Bonds be approved by the elected legislative body or other "applicable elected representative" of the governmental unit on behalf of which the Pollution Control Corporation issues the Bonds or from which the Pollution Control Corporation derives its authority and also by the elected legislative body or other "applicable elected representative" of the governmental unit within which any refinanced Facilities are located;

WHEREAS, all the Facilities are located within the County;

WHEREAS, this Board of Supervisors approved the incorporation of the Pollution Control Corporation, approves the election of members of the Board of Directors of the Pollution Control Corporation and is the elected legislative body of the County;

WHEREAS, the Act requires that the proceedings of the Pollution Control Corporation by which the Bonds are to be issued are to be approved by the governing body of the County; and

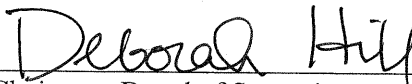
WHEREAS, this Board of Supervisors is the governing body of the County;

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of Coconino County, Arizona as follows:

1. The proceedings of the Pollution Control Corporation providing for the issuance and sale of the Bonds to refinance a portion of the costs to the Company of acquiring, constructing, improving and equipping the Facilities are hereby approved. This approval shall constitute such approval of the proceedings of the Pollution Control Corporation as is required by the provisions of the Act for the issuance of the Bonds. This approval shall also constitute such approval as is required by the Tax Reform Act of 1986 and Section 147(f) of the Code.

2. This Resolution shall take effect immediately.

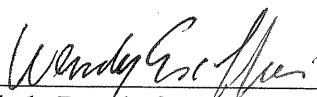
Passed and Adopted this 15th day of April, 2008.



Chairman, Board of Supervisors,
Coconino County, Arizona

(Seal)

ATTEST:



Clerk, Board of Supervisors,
Coconino County, Arizona